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March 21, 2012

ADV PART 2

This Brochure provides information about the qualifications and business practices of Smead Capital Management SCM. If you have any questions about the contents of this Brochure, please contact us. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Smead Capital Management, Inc. ["SCM"] is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about SCM is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

We discontinued the Total Return strategy in 2011

Thanks to swift and meaningful dividend increases and dividend initiations by companies in our Capital Appreciation strategy, the income advantage and lower risk profile of the Total Return strategy has nearly disappeared. We recently completed our annual performance review by an independent auditing firm and they confirmed that in the last year that the difference between our two equity strategies, Capital Appreciation and Total Return, has gradually diminished. As companies like Amgen and Starbucks go from paying zero dividend to having a meaningful payout, it is boosting the dividend income in the Capital Appreciation strategy much faster than in the total return portfolio. The statistically small difference in the two strategies justifies melding them into one equity strategy.

Prior to this update, the date of our last annual update of our brochure was March 21, 2011. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting Brenda Larson, Chief Compliance Officer at (206) 838-9850 or brenda@smeadcap.com. Our Brochure is also available on our website at www.smeadcap.com, free of charge.

Additional information about SCM is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with SCM who are registered, or are required to be registered, as investment adviser representatives of SCM.

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Item 4 – Advisory Business

- A. Smead Capital Management, Inc. (“SCM”) is an SEC registered investment adviser providing investment management services to individuals, banks or thrifts institutions, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, mutual fund and business entities. SCM is a Sub-S corporation with William W. Smead being the only shareholder that holds greater than 25% of the firm’s shares.
- B. SCM provides investment advisory services for securities such as; exchange-listed securities, securities traded over-the-counter, corporate debt securities (other than commercial paper), certificates of deposit, municipal securities, mutual fund shares, and US government securities.
- C. SCM’s separately managed account investment strategies include; Capital Appreciation, Balanced-Capital Appreciation, and Fixed Income. We also offer a mutual fund that is managed to the Capital Appreciation strategy. Clients may impose individual restrictions on investing in certain securities or types of securities by including these restrictions in writing on their investment guideline form.
- D. SCM has a wrap fee arrangement with Merrill Lynch called, “The Merrill Lynch Managed Account Service” (“MAS”). This is a fee-based, discretionary investment advisory service. In MAS, clients instruct Merrill Lynch to accept orders from SCM, their investment manager. Merrill Lynch does not have discretionary authority over the assets in the MAS account. SCM manages these accounts to the Capital Appreciation Strategy. SCM receives a portion of the wrap fee for our services.
- E. As of December 31, 2011, SCM managed \$170,000,000 on a discretionary basis and no assets on a non-discretionary basis.

Item 5 – Fees and Compensation

- A. In the event the client determines to engage SCM to provide investment management services, SCM shall charge an annual fee based upon a percentage of the market value of the assets being managed by SCM. The following fee schedules are negotiable.

FEE SCHEDULES:**Equity & Balanced Portfolio's:**

1.5% of the account's market value

Fixed Income Portfolio's:

0.60% of the account's market value

Smead Value Fund:

0.75% of the account's market value

Institutional Accounts &**Merrill Lynch Managed Account Services (MAS) Accounts:**

0.85% on the first \$10,000,000

0.75% on the next \$15,000,000

0.65% on the next \$25,000,000

0.55% on any balance over \$50,000,000

Offshore Separately Managed Accounts:

1.00% on the first \$10,000,000

0.85% on the next \$15,000,000

Negotiable on any balance over \$25,000,000

SCM generally imposes a minimum portfolio value for its investment management services. SCM, in its sole discretion, may negotiate to waive its stated account minimum or charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, pro bono activities, etc.).

- B. Clients give us authorization to authorize the custodian to deduct the agreed upon fee schedule from one or more of their accounts. The client may request that we invoice them directly. It is the responsibility of the client to verify the accuracy of the calculation the management fee. SCM's annual fee shall be prorated and charged quarterly, in advance, based upon the market value of the assets as valued by our internal portfolio accounting system (this may differ slightly from the custodial statement).
- C. SCM's annual fee is exclusive of, and in addition to, brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. However, SCM shall not receive any portion of these commissions, fees,

and costs. Clients may incur certain charges imposed by the Financial Institution(s) and other third parties such as custodial fees, charges imposed directly by a mutual fund or exchange traded fund in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to SCM fee. SCM generally utilizes the brokerage and clearing services of Charles Schwab & Co., Inc. ("Schwab") for investment management accounts, but it is not required. SCM will work with the custodian of the client's choice.

- D. All fees are paid in advance. For the initial quarter of investment management services, the first quarter's fee shall be calculated on a pro rata basis. The Agreement between SCM and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. SCM's annual fee shall be prorated through the date of termination and any remaining balance shall be charged or refunded to the client, as appropriate, in a timely manner.

The client may make additions to and withdrawals from the account at any time, subject to SCM's right to terminate an account. If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such Assets will not be adjusted or prorated based on the number of days remaining in the quarter. Clients may withdraw account assets on notice to SCM, subject to the usual and customary securities settlement procedures. SCM designs its portfolios as long-term investments and assets withdrawn may impair the achievement of a client's investment objectives.

Additions may be in cash or securities provided that SCM reserves the right to liquidate any transferred securities, or decline to accept particular securities into a client's account. SCM may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

- E. None of SCM's employees accepts compensation for the sale of securities or other investment products.

Item 6 – Performance-Based Fees and Side-By-Side Management

SCM does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

SCM provides portfolio management services to individuals, high net worth individuals, corporate, pension and profit-sharing plans, charitable institutions, foundations, endowments, sub-advisors, registered mutual funds and trust programs.

A copy of SCM's privacy policy notice and a written disclosure statement that meets the requirement of Rule 204-3 of the Investment Advisers Act of 1940, as amended ("Advisers Act"), shall be provided to each client prior to or contemporaneously with the execution of the Agreement. Any client who has not received a copy of SCM's written disclosure statement at least forty eight (48) hours prior to execution the Agreement shall have five (5) business days subsequent to executing the agreement to terminate SCM's services without penalty.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

A. Methods of Analysis and Investment Strategies

The investment decision making-process for Smead Capital Management (SCM) begins by defining our investable universe of Portfolio companies. SCM's Capital Appreciation Strategy generally consists of Large Capitalization equity securities, defined as companies with a market capitalization greater than \$7.5 Billion, and generally domiciled in the United States. SCM may also include ADR's if a substantial portion of that company's business is conducted in the United States. Additionally, SCM may include small or mid capitalization securities in its universe if it believes these companies have a strong potential to become large capitalization securities at some point in the future. It should be expected that both ADR's and small or mid cap securities will not make up more than 10-15% of Portfolio

holdings. Most of these companies in the universe are included in the Russell 1000 or S&P 500 indices.

SCM's process involves asking the question of how strongly the candidate meets and passes through SCM's eight investment criteria.

Five of these eight criteria are required over entire holding period:

- Meets an economic need;
- Strong competitive advantage (wide moats or barriers to entry);
- Long history of profitability and strong operating metrics;
- Generates high levels of cash flow;
- Available at a low price in relation to intrinsic value;

Three of the eight criteria are favored, but not required:

- Management's history of shareholder friendliness;
- Strong balance sheet; and
- Strong insider ownership (preferably with recent purchases).

Successful investments that have grown towards a sustained 8-10% weighting, or whose valuations have become maniacal, are likely to be trimmed or sold as a risk management measure. Additionally, a company may be trimmed or sold if fundamentals have changed such that it violates SCM's eight criteria. Lastly, as a downside protection measure, if a security falls 15-20% from initial purchase price nominally, or against a peer group, a formal intensified review is put into place that may lead towards increasing the weighting of a security, or disposition of the name.

Clients should be aware that investing in securities may result in not achieving desired investing goals, or losing money. This may include the risk that the Adviser's results may not perform equal or better than other investment choices. Investments made by clients into the Strategies managed by SCM should not be made if clients are not prepared to bear these risks.

B. Material Risk Involved in Each Strategy

Smead Capital Management (SCM) offers one strategy; Capital Appreciation.

Before investing in the Capital Appreciation strategy managed by SCM, you should carefully consider your own investment goals, the amount of time you are willing to

leave your money invested and the amount of risk you are willing to take. Remember, in addition to possibly not achieving your investment goals, you could lose money by investing in equity securities. The principal risks of investing are:

Management Risk. The ability of the Strategies to meet its investment objective is directly related to the Adviser's investment management of the Strategies. The value of your investment in the Strategies may vary with the effectiveness of the Adviser's research, analysis and asset allocation among portfolio securities. If the Adviser's investment strategies do not produce the expected results, your investment could be diminished or even lost.

General Market Risk. The market value of a security may move up or down, sometimes rapidly and unpredictably. These fluctuations may cause a security to be worth less than the price originally paid for it, or less than it was worth at an earlier time. Market risk may affect a single issuer, industry, sector of the economy or the market as a whole. The fixed income markets can experience substantially lower valuations, reduced liquidity, price volatility, credit downgrades, increased likelihood of default and valuation difficulties. Equity and fixed income markets are now global in nature. Therefore, international concerns can affect domestic security prices. This can happen despite little or no apparent degradation in the financial conditions or prospects of that company. Exogenous events may have adverse effects on the strategies.

Equity Market Risk. Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, their issuers change. These investor perceptions are based on various and unpredictable factors including expectations regarding government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; and global or regional political, economic and banking crises. If you held common stocks of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer because common shareholders generally have inferior rights to receive payments from issuers in comparison with the rights of preferred shareholders, bondholders and other creditors of such issuers.

Large-Cap Company Risk. Larger, more established companies may be unable to respond quickly to new competitive challenges such as changes in consumer tastes or innovative smaller competitors. Also, large-cap companies are unlikely to attain high growth rates of sales and earnings.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SCM or the integrity of SCM's management. SCM has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliates

SCM manages a mutual fund, "The Smead Value Fund" (the Fund"). Therefore certain key management employees are registered representative of Quasar Distributors, a broker-dealer.

Item 11 – Code of Ethics

SCM has adopted a Code of Ethics for all persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at SCM must acknowledge the terms of the Code of Ethics annually, or as amended.

Registrant and persons associates with SCM ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with SCM's policies and procedures.

The Code of Ethics also requires that certain of SCM's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings. Clients may contact SCM to request a copy of its Code of Ethics.

When SCM is purchasing or considering for purchase any security on behalf of a client (except for client directed actions such as raising cash or investing an unexpected client contribution), no Access Person may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when SCM is selling or considering the sale of any security on behalf of

a client, no Access Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. The requirements are not applicable to: (i) direct obligation of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

SCM anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which SCM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which SCM, its affiliates and/or clients, directly or indirectly, have a position of interest. SCM's employees and persons associated with SCM are required to follow SCM's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of SCM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for SCM's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of SCM will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of SCM's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between SCM and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with SCM's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. SCM will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

SCM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Brenda Larson, Chief Compliance Officer.

It is SCM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. The only exception is that the fund may participate in principal cross transactions. Such transactions would be proposed to Fund Administration prior to transacting and be completed in accordance with the Trust's Rule 17a-7 procedures. SCM will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Brokerage Practices

- A. SCM may only implement its investment management recommendations after the client has arranged for and furnished SCM with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions shall include, but are not limited to, Schwab, any other broker-dealer recommended by SCM, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "Financial Institution(s)")
- B. Factors which SCM considers in recommending a broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research, and service. The commissions and/or transaction fees charged by a broker-dealer may be higher or lower than those charged by other broker-dealers.
- C. If the client requests SCM to arrange for the execution of securities brokerage transactions for the client's account, SCM shall direct such transactions through broker-dealers that SCM reasonably believes will provide best execution. SCM shall periodically and systematically review its policies and procedures regarding recommending broker-dealers to its client in light of its duty to obtain best execution. The client may direct SCM in writing to use a particular broker-dealer to execute

some or all transactions for the client. In that case, the client will negotiate their arrangements for the account with that broker-dealer, and SCM will not seek better execution services or prices from other broker-dealers or be able to “batch” client transactions for execution through other broker-dealers with orders for other accounts managed by SCM (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, SCM may decline a client’s request to direct brokerage if, in SCM’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

- D. The commissions paid by SCM’s clients shall comply with SCM’s duty to obtain “best execution”. However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction. This can occur when SCM determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while SCM will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.
- E. Transactions for each client generally will be effected independently, unless SCM decides to purchase or sell the same securities for several clients at approximately the same time. SCM may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among SCM’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among SCM’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that SCM determines to aggregate client orders for the purchase or sale of securities, including securities in which SCM’s Advisory Affiliates(s) may invest, SCM shall generally do so in accordance with applicable rules promulgated under the Adviser Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. SCM shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that SCM determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of

the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guideline which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de-minimus allocation in one or more accounts, SCM may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

- F. Consistent with obtaining best execution, brokerage transactions will be directed to certain broker-dealers in return for investment research products and/ or services which assist SCM in its investment decision-making process. Such research generally will be used to service all of SCM's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefits of such investment research products and/ or services poses a conflict of interest.
- G. SCM may receive the following benefits from a broker-dealer: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communications network for client order entry and account information.

Soft dollar benefits are not limited to those clients who may have generated a particular benefit although certain soft dollar allocations are connected to particular clients or groups of clients. Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

Item 13 – Review of Accounts

- A. SCM monitors portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by one of SCM's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with SCM and to keep SCM informed of any changes thereto. SCM shall contact ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/ or investment objectives.
- B. Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom SCM provides discretionary investment advisory services will also receive a report from SCM that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis. For those accounts that have a financial intermediary, SCM may chose to report to the financial intermediary directly instead to the client.

Item 14 – Client Referrals and Other Compensation

SCM does not compensate for client referrals.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. SCM urges its clients to carefully review such statements and compare such official custodial records to the account statements that SCM provides to the client. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

SCM usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, SCM observes the investment objectives, limitations and restrictions of the clients for which it advises. For registered investment companies, SCM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. Investment guidelines and restrictions must be provided to SCM in writing.

Neither SCM nor the client may assign the Agreement without the consent of the other party. Transactions that do not result in a change of actual control or management of SCM shall not be considered an assignment.

Item 17 – Voting Client Securities

SCM may vote proxies on behalf of its clients. When SCM accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully described in SCM's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in SCM's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. At any time, clients may contact SCM to request information about how Registrant voted proxies for that client's securities or to get a copy of SCM's Proxy Voting Policies and Procedures. A brief summary of SCM's Proxy Voting Policies and Procedures is as follows:

- A. SCM's Director of Research is responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- B. The Director of Research will generally vote proxies according to SCM's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decision for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social

policy issues; and issues involving mutual funds.

- C. Although the Proxy Voting Guidelines are to be followed as a general policy, certain issues will be considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, SCM shall devote an appropriate amount of time and resources to monitor these changes.
- D. In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that SCM maintains with persons having an interest in the outcome of certain votes, SCM will take appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about SCM's financial condition. SCM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

BROCHURE SUPPLEMENT

Dated: July 31, 2011

SUPERVISED PERSON'S FOR SMEAD CAPITAL MANAGEMENT

Investment Team:

William W. Smead, Leo Anthony Scherrer, III, and Cole Smead

**Smead Capital Management
1420 – 5th Avenue, Suite 2625
Seattle, WA 98101
206-838-9850 or 877-701-2883**

This brochure supplement provides information about all supervised person's that supplements the Smead Capital Management's brochure above. Please contact Brenda Larson, Chief Compliance Officer if the brochure (ADV Part II) was not attached to this brochure supplement or if you have any questions about the contents of this supplement.

Additional information about our Supervised Person's is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 –Educational Background and Business Experience

WILLIAM WALLACE SMEAD

Year Born: 1958

Whitman College, B.A. Economics, 1980

Previous Five Year Business Background:

Smead Capital Management, Chief Executive & Investment Officer – July 2007 to Present

Wachovia Securities, Managing Director – Investments: September 2001 to July 2007

LEO ANTHONY SCHERRER III, Chartered Financial Analyst

Born: 1972

Seattle Pacific University, B.A. Business Administration-Finance, 1994

Previous Five Year's Business Background:

Smead Capital Management, Director of Research and Portfolio Manager, 01/2008 to Present

U.S. Trust Vice President/Sr. Portfolio Manager, April 2005 to November 2007

COLE WILLIAM SMEAD, Chartered Financial Analyst

Born 1983

Whitman College, B.A. Economics/History, 2006

Previous Five Year's Business Background:

Smead Capital Management, Director of Marketing & Sales July 2007 to Present

Wachovia Securities, Financial Adviser, August 2006 to June 2007

Item 3 – Disciplinary Information

- A. There have been NO criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which and of our Supervised Person's
1. were convicted or, or pled guilty or nolo contendere ("no contest") to (a) any felony, misdemeanor that involved investments or any investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses.

2. were named the subject or a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses.
 3. were involved in a violation of an investment-related statutes or regulation.
 4. were the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, the Supervised Person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.
- B. There have been NO administrative proceeding before the SEC, or any federal regulatory agency, or any foreign financial regulatory authority in which our Supervised Person's were
1. found to have caused an investment-related business to lose its authorization to do business
 2. Our Supervised Person's have not been found to have been involved in a violation of any investment-related statute or regulation and was NOT the subject of an order by the agency or authority
 - (a) denying, suspending, or revoking the authorization of William Smead to act in an investment-related business;
 - (b) barring or suspending the supervised person's association with an investment-related business;
 - (c) otherwise significantly limiting the supervised person's investment-related activities; or
 - (d) imposing a civil money penalty or more the \$2,500 on of our Supervised Person's.
- C. There have been NO self-regulatory organization (SRO) proceeding in which our Supervised Person's
1. were found to have caused an investment-related business to lose its authorization to do business; or
 2. were found to have been involved in a violation of the SRO's rules and was:
 - (i) barred or suspended from membership or from association with other

members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.

- D. There have been NO other proceedings in which a professional attainment, designation, or license of any of our Supervised Person's were revoked or suspended because of a violation of rules relating to profession conduct. If the supervised person resigned (or otherwise relinquished his attainment, designation, or license) in anticipation of such a proceeding (and the adviser knows, or should have known, of such resignation or relinquishment), disclose the event.

Item 4 – Other Business Activities

All Smead employees are registered as a representative of Quasar, the broker-dealer of the Smead Value Fund. Quasar is the administrator of our mutual fund. Employees are invested in the Smead Value Fund as well as clients. Employees must receive pre-clearance from the Chief Compliance Officer before trading in the fund. The fund is treated like an equity security and must follow the pre-clearance rules within the Code of Ethics. None of our employees receive commissions, bonuses or other compensation based on the sale of the Smead Value Fund.

There are no employees that are actively engaged in any business or occupation for compensation.

Item 5 – Additional Compensation

There are no additional compensation arrangements.

Item 6 – Supervision

All supervised investment persons are overseen by the Chief Investment Officer, William W. Smead (206)838-9850. The office is configured so that the Chief Investment Officer overhears the conversations of those supervised each day. The Investment Committee usually meets about 3 times a day.